

## GENERAL COST-SHARING GUIDELINES

This document is meant to clarify cost-sharing (matching) as it relates to the 1890 Institution Capacity Building Grants Program and should not be construed as a definitive USDA cost-sharing policy statement. The current USDA cost-sharing regulations can be found in 7 CFR Part 3019, Subpart C - 3019.23.

Simply stated, these regulations indicate that for something to be used as cost-sharing, it must be a cost that would be allowable to the project if Federal funds were used to pay for it and it must be necessary for completion of the project.

One of the items causing the most confusion as to cost-sharing allowability is that of Indirect Costs. Since the 1890 Institution Capacity Building Grants Program supports both research and teaching awards, different indirect cost rates come into play.

### Teaching & Research Awards

For **teaching and research** awards, indirect costs are expected to be limited to the lesser of the following:

1. Current Congressionally mandated 19% of total Federal Funds Awarded (TFFA) under each award (line M of Form CSREES-713), or
2. the university's current negotiated instruction rate agreement with a cognizant Federal audit agency (normally based on either Salaries and Wages (S&W) or Modified Total Direct Costs (MTDC) – MTDC usually excludes equipment, tuition remission, subcontracts over \$25,000, etc.)

Once the rate to be used is identified, the allowable cost-sharing can be determined. Some examples of indirect cost calculations and how they can be used as cost-sharing are shown below:

**Example 1:** (When the university's negotiated rate is based on salaries and wages)

Total Amount Requested     \$150,000 x 19% TFFA (Congressional Limit) = \$28,500  
Total S&W Requested     \$60,000 x 50% (Negotiated Instruction Rate) = \$30,000

The lesser amount above is \$28,500, so the Congressionally mandated 19% of TFFA would be used as the indirect costs allowed under the grant award. Since the \$28,500 is the allowable indirect costs under the grant, any portion of the \$28,500 not requested from grant funds may be used as cost-sharing.

**Example 2:** (When the university's negotiated rate is based on salaries and wages)

Total Amount Requested     \$150,000 x 19% TFFA (Congressional Limit) = \$28,500  
Total S&W Requested     \$60,000 x 30% (Negotiated Instruction Rate) = \$18,000

The lesser amount above is \$18,000, so the approved amount of indirect costs for any award under this example would be \$18,000. Since \$18,000 is the allowable indirect costs under the grant, any portion of the \$18,000 not requested from grant funds may be used as cost-sharing.

---

**Other Items of issue in cost-sharing allowability are:**

Building construction costs These are not allowed under this program and cannot be used as cost-sharing. (A small amount of funds for minor alterations/renovations/repairs necessary to conduct the project is allowable.)

Rental of space, laboratory or classroom use costs These types of charges are allowable if needed to conduct the project, as long as they are normally charged to all projects and are not included as part of the university's indirect cost rate base.

Entertainment costs, memorabilia, etc. these are not allowed for either type of grant and cannot be used as cost-sharing.

Stipends, Scholarships Allowable for teaching grants.  
Not allowable for research grants

Tuition Remission/Student Wages --

1. Tuition Remission costs are allowable for research grants and should be shown under the budget category J., Other Direct Costs of Form CSREES-713, Higher Education Proposal Budget.
2. Salaries and Wages paid to students for actual work performed on the project are allowable costs for research grants and should be shown under the appropriate budget categories A.2.c. or d. of Form CSREES-713. Please include in your budget narrative the rate of pay and actual work to be performed by each student.

As stated in the opening paragraph, the above is not meant to be an overall USDA policy statement regarding cost-sharing, but hopefully a usable guide in preparing proposals under the 1890 Institution Capacity Building Grants Program.